

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

| | | |
|---------------------------------------|---|------------------------|
| IN THE MATTER OF THE APPLICATION OF |) | |
| DELMARVA POWER & LIGHT COMPANY FOR |) | PSC Docket No. 20-0150 |
| AN INCREASE IN NATURAL GAS BASE RATES |) | |
| (FILED FEBRUARY 21, 2020) |) | |

ORDER NO. 9563

AND NOW, this 18th day of March 2020, the Delaware Public Service Commission (“Commission”) determines and orders as follows:

WHEREAS, on February 21, 2020, Delmarva Power & Light Company (“Delmarva” or the “Company”) filed with the Commission an application (“Application”) seeking approval of: (1) an increase in its natural gas base rates of \$14,635,650, which is a 9.5% increase over existing base rates;¹ and (2) limited changes to its natural gas service tariff as described in the Application; and

WHEREAS, 26 *Del. C.* § 306(a)(1) permits the Commission to suspend the operation of a utility’s proposed rate change for a period not to exceed seven months after the filing of a utility’s rate change request or, for this Application, September 21, 2020; and

WHEREAS, the Company has requested that the Commission grant the proposed changes to rates effective September 21, 2020, pursuant to 26 *Del. C.* § 306(b),² which provides that, upon

¹According to Delmarva, its proposed increase to base rates includes \$4,238,000 million of revenues from its existing Distribution System Improvement Charge (“DSIC”), which, pursuant to 26 *Del. C.* § 315(b)(9), it proposes to be moved into base rates.

²Delmarva will forego the implementation of interim rates permitted 60 days from the filing date pursuant to 26 *Del. C.* § 306(a)(2), to avert resetting the DSIC to zero, which would be required under 26 *Del. C.* § 315(b)(9). Instead, the full proposed gas rates will become effective for services rendered on and after September 21, 2020, subject to refund, as permitted by 26 *Del. C.* §§ 306(a)(1) and (b), at which time the DSIC rate currently in effect would be reset to zero pursuant to 26 *Del. C.* § 315(b)(9).

termination of the seven months as set forth in § 306(a)(1), the proposed rate change shall automatically become effective, subject to refund, so long as the Company files with the Commission a bond or other arrangements satisfactory to the Commission for the protection of the interested parties, and so long as the increase does not exceed 15 percent of the Company's gross intrastate operating revenues; and

WHEREAS, the Company requests that the Commission accept its long-standing history within the State and its commitment to abide by a Commission refund order as a satisfactory substitute and sufficient surety to meet the bond requirements of 26 *Del. C.* § 306(b) with respect to the requested interim rates proposed to become effective September 21, 2020; and

WHEREAS, the Company requests a waiver of Part II, Paragraph 2.2.1 (Plant Capacity and Service); Part V, Paragraph 5.3.8 (Purchased Power Data and Deferred Fuel Cost Accounting); and Part V, Paragraph 5.3.14 (Net Operating Income) of the Commission's Minimum Filing Requirements as set forth in 26 *Del. Admin. C.* § 1002A because the information has either already been provided or is not relevant to this Application;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. That the rates and revised tariff sheets filed by Delmarva on February 21, 2020, are hereby suspended pursuant to 26 *Del. C.* § 306(a)(1) and, subject to the implementation of base rates as authorized herein, shall not be placed into force or effect except pursuant to law or further Order of the Commission, and then only to the extent such law or further Commission Order may permit or allow.

2. That any proposed non-rate modifications to its tariffs are suspended until such time as a final Order in this proceeding is issued.

3. That the Commission grants Delmarva's request to implement the full proposed natural gas base distribution rates intended to produce an increase of \$14,635,650 in base distribution revenue, which includes \$4,238,000 in revenues currently recovered through its DSIC to be transferred into base distribution rates, effective September 21, 2020, with proration and subject to refund.

4. That based on Delmarva's current financial condition and creditworthiness, its long-standing history with the State, and its commitment to abide by a Commission refund order, the Commission finds that sufficient surety exists to meet the bond requirements of 26 *Del. C.* § 306(b) and therefore will not require a bond in connection with the implementation of interim rates on September 21, 2020.

5. That the Commission grants Delmarva's request to waive Part II, Paragraph 2.2.1, Part V, Paragraph 5.3.8 and Part V, Paragraph 5.3.14 of the Minimum Filing Requirements.

6. That Delmarva shall give public notice of the filing of this Application with the proposed rate changes and this action by the Commission, by publishing notice in the form attached hereto as **Exhibit "A"** in two-column format, outlined in black, in the legal classified section of *The News Journal* once during the week beginning March 30, 2020. Delmarva shall submit proof of such publication as soon as possible, but no later than the commencement of the evidentiary hearings concerning this matter.

7. That the Commission designates Hearing Examiner Glenn Kenton as hearing examiner for this matter pursuant to the terms of 26 *Del. C.* § 502 and 29 *Del. C.* ch. 101, to schedule and conduct, upon due notice, such public comment sessions and evidentiary hearings, as may be necessary to have a full and complete record concerning the justness and reasonableness

of the proposed increases to rates and tariff modifications. Thereafter, Hearing Examiner Kenton shall file with the Commission for its consideration his proposed order with his findings and recommendations. Pursuant to 29 *Del. C.* § 10126(a), such proposed order must include: (i) a brief summary of the evidence and recommended findings of fact based upon the evidence; (ii) recommended conclusions of law; and (iii) a recommended decision.

8. That, pursuant to 29 *Del. C.* ch. 101 and 26 *Del. Admin. C.* § 1001-2.9, Hearing Examiner Kenton is specifically delegated the authority to grant or deny petitions seeking leave to intervene and for admission of counsel *pro hac vice*. In addition, Hearing Examiner Kenton is delegated the authority, under 26 *Del. C.* §102(A), to determine the form and manner of any further public notice in this matter.

9. That the deadline for filing petitions to intervene pursuant to 26 *Del. Admin. C.* § 1001-2.9 shall be **Friday, April 17, 2020**. Late-filed petitions to intervene will not be granted unless good cause is shown.

10. That Delmarva is hereby placed on notice that the costs of the proceedings will be charged to it under the provisions of 26 *Del. C.* §114(b) (1).

11. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chairman

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary

EXHIBIT “A”

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**PUBLIC NOTICE OF APPLICATION OF DELMARVA POWER & LIGHT COMPANY
FOR AN INCREASE IN NATURAL GAS BASE RATES**

TO: NATURAL GAS CUSTOMERS OF DELMARVA POWER & LIGHT COMPANY:

On February 21, 2020, Delmarva Power & Light Company (“Delmarva” or “the Company”) filed an application with the Delaware Public Service Commission (“Commission”) seeking approval for an increase in its natural gas base rates and certain changes to its natural gas tariff.

In its application, Delmarva seeks an increase in annual operating revenues of \$14,635,650, or an increase of 9.5% over existing base rates. Delmarva’s proposed increase in base rates includes \$4,238,000 of revenues currently recovered through its Distribution System Improvement Charge (“DSIC”), which it proposes to be transferred into base rates.

The following is a breakdown by service classification of Delmarva’s proposed increases, which include the existing revenues from the DSIC:

| Service Classification | Full Proposed Request (Incl. DSIC) (\$) | Percent Increase (Incl. DSIC) (%) |
|-------------------------------|--|--|
| Residential | \$ 640,605.00 | 14.5% |
| Residential Space Heating | \$ 8,934,410.00 | 10% |
| GG/GVFT | \$ 3,658,514.00 | 8.6% |
| GL | \$ 141.00 | 13% |
| MVG/MVFT | \$ 649,498.00 | 10.7% |
| LVG/LVFT | \$ 752,483.00 | 12.6% |
| LVG-QFCP | \$ - | 0% |

On March 18, 2020, in Order No. 9563, the Commission, pursuant to 26 *Del. C.* § 306(a)(1), suspended the effect of the proposed new rates and tariff revisions pending further investigation, a public comment session, and public evidentiary hearings, which will be held later after further public notice. However, pursuant to 26 *Del. C.* § 306(b), the Commission authorized Delmarva to place its proposed increases into effect, subject to refund, seven months after the initial filing date, which is September 21, 2020.

The Commission will make its decision on this matter on the basis of the record evidence taken at the public evidentiary hearings. The Commission may approve or reject, in whole or in part, the proposed increase and tariff revisions and may apply a different method for allocating any increase that it approves.

You are invited to review Delmarva's application and supporting documents to determine how your interest may be affected by going to DelaFile (<http://delafile.delaware.gov>), the Commission's docketing and file management system, and by searching for Docket No. 20-0150.

If you wish to formally participate as a party in this matter, with the right to present evidence and be represented by counsel, you must file with the Commission a petition asking for leave to intervene in accordance with the requirements of the Commission's *Rules of Practice and Procedure* (26 *Del. Admin. C.* §1001-2.9) **on or before Friday, April 17, 2020**. All such petitions

should be filed in DelaFile according to the Commission's rules (26 *Del. Admin. C.* §1001-1.6.4). Petitions filed after the deadline of April 17, 2020, will not be considered except for good cause shown.

If you would like to review documents at the Commission's offices, please contact Donna Nickerson at (302) 736-7500 or send an email addressed to donna.nickerson@delaware.gov. You may also review copies of Delmarva's application and supporting documents at the offices of the Division of the Public Advocate located at 820 North French Street, 4th Floor, Wilmington, Delaware 19801 or 29 South State Street, Dover, Delaware 19901. Please call either (302) 577-5077 or (302) 241-2555 to arrange for a time to review the documents at either of those locations.

If you wish to request copies of documents in this matter, please submit a Freedom of Information Act Request Form. The link to this form can be found on the Commission's website, <https://depsec.delaware.gov>, or by visiting this web address: <https://delafile.delaware.gov/Complaints/FOIA.aspx>. The Commission will respond to your request in accordance with the Delaware Freedom of Information Act, 29 *Del. C. ch.* 100.

If you have a disability and wish to participate or to review the materials in this matter, please contact the Commission to discuss any auxiliary aids or services you might need to help you. You may contact the Commission in person, by writing, by telephone (including text telephone), by email, or other means.

If you have questions about this matter, you may call the Commission at 1-800-282-8574 (toll-free in Delaware) or (302) 736-7500 (voice and text telephone). You may also send questions regarding this matter by Internet e-mail addressed to psc@delaware.gov with "Docket No. 20-0150" in the subject line.